

FUTURE CITIES SERIES: THE WORKPLACE OF A POST- PANDEMIC WORLD

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During the Covid-19 pandemic, many office-based workforces across the globe switched to working from home. A year later, we are seeing a range of cities impacted in different ways – some are still in lock down, while others are seemingly well on the way to the “new normal” as they attempt to bring employees back into the office. However, it seems likely that, even if/when the pandemic passes, there will be a permanent shift towards a greater number of employees working fully or partly from home. Employee surveys generally report that there is a desire to continue some of the remote working practices, at least for part of the working week. So what will this mean for the workplace, and will this have an impact on office locations, housing and pay?

This article is part of our Future Cities Series where our experts explore the pressures facing our cities in the post-Covid era and map out the key issues and industry themes in re-thinking urban life.

THE DIRECTION OF TRAVEL

There is no doubt that many employers are reluctant to encourage their employees to recommence travelling to work in offices, due to the continuing circulation of the virus, despite it now being possible for them to do so in some locations.

For example, in the UK employers have discretion (providing the workplace is “COVID-secure”) to determine which of their employees they could bring back to work in the office. However, it is reported that half of the UK’s office workers are still working from home. In Asia Pacific, employers are adopting a cautious, phased approach to transitioning back to the workplace guided by jurisdiction specific government policies as well as their business continuity plans. More specifically, Australia has seen the pandemic impact different locations to varying degrees with most states now moving towards a “new normal”. In Singapore, employers are required to implement work-from-home arrangements except where it is not reasonably practicable to do so.

What remains consistent across most of the globe is that employers must adopt relatively stringent precautions to continue to manage the potential of community transmission and the risk that this poses to their employees who have returned to work in the office. Such precautions requires that social distancing is permissible in the office space and may include strategies such as staggering work and break hours, implementing shift or split team arrangements, ensuring regular cleaning of workplace premises and appointing safe management officers to assist in the implementation, coordination and monitoring of the system of safe management measures in the workplace. In certain jurisdictions, employers found in breach of the requirements risk having stop work orders or fines imposed against them.

HOME ADVANTAGE?

When the pandemic eventually passes, will employers want to - or be able to - return to the office-based working arrangements of the pre-pandemic world? This seems unlikely. One could argue that the pandemic has brought forward the inevitable permanent shift towards flexible and agile working. Even before the pandemic, there were prevailing winds pointing towards a greater degree of workforce empowerment. For example, in 2019, the Telecommuting Act was implemented in the Philippines to regulate working from home arrangements. Employees who are working from home must be accorded the same treatment (including rate of pay, rest periods, workload and performance standards, training and collective rights) as employees working at the office. More recently in the UK, a Government minister has publicly backed the idea that employees in the UK should have a legal right to work from home (although messaging from the UK’s Prime Minister seems to suggest that this is not Government policy) and in Australia, public health orders in various locations continue to provide employees with this right, at least for the time being.

Irrespective of any actual changes to the law, it is going to be more difficult for employers to use the same arguments as previously used to justify the need for employees to attend the office on a full-time basis. This will be particularly hard to justify where working from home during lockdown has had little impact on, or in fact increased, productivity. Indeed, the lockdown may flip the convention about working from home on its head. The “new normal” for some might mean that working from home is the default, and face-to-face meetings the exception. This added flexibility could generate a number of benefits such as;

- assisting in the much-needed (and keenly in focus) rebalancing of gender diversity in the workplace;
- little to zero commuting time; and
- the flexibility for employees to focus on their health and wellbeing through exercise or time with family and friends.

WHAT WILL HAPPEN TO THE OFFICE?

Ultimately, these changes could be a win-win outcome, in circumstances where employers may no longer need to maintain the cost of large city-centre offices which accommodate the entirety of their staff. So, is the office dead? Probably not.

Employees still want and need to meet colleagues face-to-face, even if not every day. Many employers will want at least a partial return to the office on the basis that they can show some clear benefits from interaction in person.

One possibility is that some employers will move away from large city headquarters to having a smaller city-centre office (for meetings) and a number of satellite offices in suburban areas (the so called “hub and spoke” model). IWG, a flexible workspace provider, has reportedly seen a surge in demand for use of their suburban office space and anticipates a rise in the hub-and-spoke model following the pandemic.

In Australia there has also been discussion of the potential re-purposing of existing facilities – will the reduction of foot traffic in shopping centres and suburban retail precincts result in the creation of work hubs providing suburban offices for many large corporates? Only time will tell.

WHERE WILL THE WORKFORCE LIVE?

Even if a greater degree of emphasis is placed on working from home going forward, employees may still want to live within relatively easy reach of city-centre offices. Commuter towns are likely to remain popular places to live (albeit the concept of what might count as being "commutable" where it may only be for a journey once or twice a week, may change). This is certainly on the agenda for both employees and employers alike; when Google recently announced that employees should work from home for the next 12 months, one of the reasons for this was reportedly to enable employees to sign a year-long tenancy in less expensive locations (although, interestingly, Google has also confirmed that it will still build its London headquarters, colloquially known as the "landscaper").

It also seems likely that employers who offer flexible and agile working will continue to be attractive to job candidates, and they may be able to increasingly tap into the talent pool of workers who are not willing or able to travel into city centres (eg for health, childcare or lifestyle reasons).

WILL THERE BE AN IMPACT ON PAY?

Will a migration out of large cities impact employees' pay? The idea of salary-by-location has been popularised by headlines about Facebook's plans to align salaries in the USA with the cost of living in an employee's home location. Whether this idea takes off will ultimately be determined by the market. As always, there will be competing factors. The war for the best talent (wherever they may reside), does not look likely to slow down any time soon in certain sectors. Perhaps the cash that businesses save as they possibly downsize to smaller city-centre offices, will simply be channelled towards paying for talent?

Then again, we are likely heading into a global recession. There are likely to be more job-seekers than there will be jobs, at least temporarily, which may result in lower average pay because there is high supply but low demand for labour.

A more interesting and potentially controversial issue will arise if remote working becomes the new norm, and the talent pool potentially becomes national, if not global, including people in countries (or areas of a country) with much lower wage expectations.

If the late twentieth century saw many blue-collar jobs outsourced to less costly locations, perhaps the logical extension (hastened by the changes brought about by the pandemic) is that more white-collar jobs can be outsourced in the tech-driven twenty-first century? Perhaps, but the outsourcing of white-collar jobs to areas with cheaper labour costs is not something that is new. Where it has been possible, many employers have already done so, taking advantage of remote working technology. Of course, the issue for the immediate future is that most of the talent pool for skilled jobs is still clustered locally, living around or within commuting distance of the world's major cities, with corresponding pay expectations. That seems unlikely to change until the magnet-like pull of living and working around cities is weakened and skilled labour migrates.

PREPARING FOR THE POST-PANDEMIC WORKPLACE

What is clear is that the case for innovation has been made. Early signs indicate that employers should assume that their office-workers will operate in an increasingly flexible and agile manner post-pandemic. For employers who wish to be on the front foot, this shift may give rise to strategic opportunities to reduce the costs of maintaining large city-centre office space, and there may be scope to better retain and attract talent. To successfully navigate these issues, employers should consider early workforce engagement, and involving stakeholders from across all areas of the business with regards to shaping post-pandemic workplace strategy.

Despite complex industrial frameworks, we have seen a period during which employees have dramatically altered when and how they work and many examples of improved efficiency and productivity. The drive for additional flexibilities will mean that regulation needs to catch up with a dispersed workforce. Government support through schemes such as the Australian JobKeeper payment and the UK Job Retention Scheme have provided employers with the ability to maintain the employment of employees whose roles have been most impacted by the pandemic. However, employers are now looking to the future of how teams will be able to collaborate and move forward.

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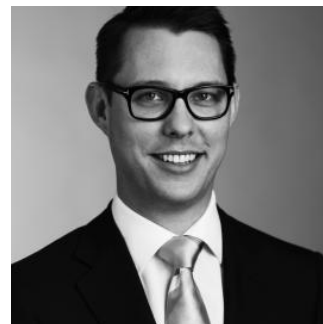
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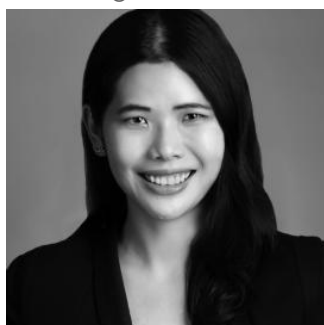
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